

## Message Text

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PAGE 01 JAKARTA 07892 010637Z

11

ACTION EA-10

INFO OCT-01 AF-06 EUR-12 ISO-00 TRSE-00 XMB-04 FRB-01

AID-05 FEA-01 ERDA-07 CEA-01 CIAE-00 CIEP-02 COME-00

DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00

NSC-05 OMB-01 PM-03 USIA-15 SAM-01 OES-05 SP-02 SS-15

STR-04 PA-02 PRS-01 /129 W

----- 006063

R 010117Z JUL 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8987

INFO AMEMBASSY BONN

AMCONSUL HONG KONG

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL MEDAN

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

AMCONSUL SURABAYA

AMEMBASSY TOKYO

UNCLAS JAKARTA 7892

HONG KONG FOR TREASURY REPRESENTATIVE

DEPT. PASS: (1) TREASURY FOR COMPTROLLER OF THE CURRENCY

(2) EXIM BANK

(3) FEDERAL RESERVE BOARD FOR BANK EXAMINATION BOARD

E.O. 11652: N/A

TAGS: EFIN, ENRG, EALR, ID

SUBJ: GOI DISCLOSES MEASURES TO SURMOUNT

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PERTAMINA FINANCIAL DIFFICULTIES

REF: JAKARTA 3676

1. DURING JUNE 25 APPEARANCE BEFORE FOUR PARLIAMENTARY COMMISSIONS, MINISTER/BAPPENAS CHAIRMAN WIDJOJO, ASSISTED BY MIN MINING SADLI AND BANK INDONESIA GOVERNOR RACHMAT SALEH, PRESENTED DETAILED STATEMENT ON BACKGROUND OF PERTAMINA'S FINANCIAL DIFFICULTIES AS WELL AS GOI/PERTAMINA ACTIONS TO RECTIFY SITUATION, TO GUARANTEE STATE REVENUES AND TO PROTECT GOI BALANCE OF PAYMENTS. WIDJOJO STRESSED GOI DID NOT "TAKE OVER PERTAMINA DEBTS," RATHER BANK INDONESIA PROVIDED "FINANCIAL AID TO ENABLE PERTAMINA TO MEET FOREIGN AND DOMESTIC OBLIGATIONS." WIDJOJO SAID PERTAMINA DEBTS NOW "BEING SETTLED" COVER (A) DOMESTIC LOANS OF RP 47 BILLION (ABOUT US \$113 MILLION); (B) US \$1.5 BILLION OF SHORT-TERM LOANS FROM FOREIGN BANKS AND COMPANIES; AND (C) ABOUT US \$0.8 BILLION IN LONG-TERM LOANS.

2. WIDJOJO ALSO REFERRED TO SERIES OF GOI PRESIDENTIAL DECISIONS, REGULATIONS AND PERTAMINA ACTIONS RELATED TO DEBT TRANSACTIONS, SUPERVISORY COMMITTEES, BUDGET AND PROJECT REVIEW, PROJECT RESPONSIBILITY, AND AUDIT. IN PARTICULAR, WIDJOJO MENTIONED TECHNICAL TEAM COMPOSED OF LT. GEN. HASNAN HABIB, MAJ. GEN. PIET HARYONO AND BRIG. GEN. ISMAIL SALEH ESTABLISHED BY PRESIDENTIAL DECISION NO. 11/1975 TO EXAMINE AND EVALUATE PERTAMINA'S DRAFT 1975 BUDGET AND TO EXAMINE AND EVALUATE PERTAMINA'S AND PERTAMINA SUBSIDIARIES' DEVELOPMENT PROJECTS. WIDJOJO STRESSED THAT PERTAMINA PROJECTS OUTSIDE OIL AND GAS SECTOR "REVIEWED ON BASIS THEIR BENEFIT, CONNECTION WITH NATIONAL DEVELOPMENT AND POSSIBLE FINANCING." WIDJOJO CONFIRMED MINISTER SUMARLIN'S RESPONSIBILITY FOR KRAKATAU STEEL PROJECT (PRES. DECISION NO. 13/1975), AS WELL AS MIN. INDUSTRY'S RESPONSIBILITY FOR (A) JATIBARANG FERTILIZER PROJECT (PRES. DECISION NO. 16/1975), (B) PUSRI IV FERTILIZER PROJECT (PRES. DECISION NO. 13/1975), AS WELL AS MIN. INDUSTRY'S RESPONSIBILITY FOR (A) JATIBARANG FERTILIZER PROJECT (PRES. DECISION NO. 16/1975), (B) PUSRI IV FERTILIZER PROJECT (PRES. DECISION NO. 17/1975) AND UNCLASSIFIED

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(C) FOR REVIEW OF GRESIK PETROCHEMICAL PROJECT (GOI REGULATION NO. 14/1975).

3. TEXT OF PRESS REPORTS, WHICH INCLUDE COMMENTS ON ADMINISTRATIVE REFORM--E.G., BUDGET, AUDIT AND PERSONNEL; CHANGES IN PROCEDURES FOR IMPORT/EXPORT LCS; AND, OIL-SALE FOREIGN EXCHANGE TRANSFERS TO GOI; ARE BEING POUCHED/APO TO ADDRESSEES.

4. COMMENT: WIDJOJO/SADLI/SALEH STATEMENT BEFORE  
PARLIAMENT MARKS FIRST OFFICIAL GOI EFFORT TO INFORM  
PUBLIC OF PERTAMINA FINANCIAL DIFFICULTIES AND CORREC-  
TIVE STEPS TAKEN SINCE MIN. MINING SADLIS PRESS RELEASE  
MARCH 24 (REFTEL). PRESS REPORTS INDICATE GOI DETERMINED  
TO LEVEL WITH PUBLIC IN EFFORT REDUCE SPECULATION AND  
RUMORS CIRCULATING LAST FEW MONTHS. FOR EXAMPLE,  
SPECIFIC REFERENCES TO PRESIDENTIAL DECISIONS AND  
COMPOSITION AND RESPONSIBILITIES OF VARIOUS COMMITTEES  
IS FIRST OFFICIAL PUBLIC RECOGNITION THEIR EXISTENCE  
AND ROLES THEY ARE PLAYING.

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL STABILITY, TEXT, PETROLEUM INDUSTRY, PRESS RELEASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** N/A  
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**Office:** ACTION EA  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
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**Review Date:** 13 JAN 2003  
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Margaret P. Grafeld  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOI DISCLOSES MEASURES TO SURMOUNT UNCLASSIFIED  
**TAGS:** EFIN, ENRG, EALR, ID, XMB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006